

The background of the slide features a series of concentric green circles that create a tunnel-like or ripple effect, drawing the eye towards the center. The circles are thin and closely spaced, with a slight gradient in green color.

SMS/800®

**SMS/800
PROPOSED TRANSITION OF
SMS/800 FUNCTIONS TARIFF**

FCC STATUS MEETING

May 10, 2012

AGENDA

- **Review of Industry Collaboration in Board Development**
- **Proposed Structure of SMS/800, Inc. Board of Directors**
- **Proposed Nominations Process**
- **Timeline and Next Steps**

INDUSTRY COLLABORATION UPDATE

Collaboration of the Industry and the Service Providers in Pursuit of Tariff Transition

- Industry Transition Committee met in person with SMS/800, Inc. CEO and Board of Directors, Michael Wade of DSMI and SMS/800, Inc. legal counsel on April 9 – 10, 2012 to discuss reorganization of SMS/800, Inc. Board to include industry representatives.
- Based on this discussion, all participants agreed to the Board composition and election further described in this presentation.

PROPOSED INDUSTRY BOARD STRUCTURE

The Board composition over the first 3 years will be as follows:

1 st Year	2 nd Year	3 rd Year	Notes
1 elected large Resp Org seat*	1 elected large Resp Org seat*	1 elected large Resp Org seat*	
1 elected small Resp Org seat*	1 elected small Resp Org seat*	1 elected small Resp Org seat*	
1 elected SCP O/O seat*	1 elected SCP O/O seat*	1 elected SCP O/O seat*	
1 elected At-large seat*	1 elected At-large seat*	2 elected At-large seats**	
4 independents	4 independents	4 independents	<i>All appointed by new Board</i>
CEO	CEO	CEO	<i>CEO has same vote as Board</i>
3 BOC-designated Seats	2 BOC-designated Seats	0 BOC Seats	<i>While any one BOC sits in a "BOC-designated" seat it cannot also hold another Resp Org-elected seat</i>
12	11	10	<i>Total number of Board seats</i>

For all elected seats, no one company can hold more than one seat; provided, however, that a company can hold a Resp Org-elected and a SCP O/O-elected seat.

* Voted all affiliated entities = one vote

** Voted by proportional representation (one vote per TFN controlled)

PROPOSED INDUSTRY BOARD STRUCTURE: *ELECTION CYCLE*

Elected seats will have staggered terms, as follows, with no term limits:

1 st Year Election	2 nd Year Election	3 rd Year Election
1 large Resp Org seat elected to 3 year term		
1 small Resp Org seat elected to 3 year term		
1 SCP O/O seat elected to 3 year term		
1 At-large seat elected to 1 year term	1 At-large seat elected to 1 year term	2 At-large seats elected to 3 year terms

PROPOSED INDUSTRY BOARD STRUCTURE: CANDIDATE NOMINATIONS

Board candidates will be nominated in two ways, as follows:

- Nominating Committee slate
- Self-nomination

Criteria for candidates from either nominating method:

- Employer entity must be in good standing with SMS/800 as of a certain date to be determined
- Candidate must have support from employer organization
- Candidate will be required to disclose information regarding criminal convictions
- Other criteria to be considered:
 - commitment to toll-free industry as a whole;
 - willingness and ability to devote time to the role; and
 - capacity for independent judgment in fulfillment of fiduciary obligations of director role.

PROPOSED INDUSTRY BOARD STRUCTURE: CANDIDATE NOMINATIONS

Nominating Committee slate selection process:

- Nominating Committee shall accept expressions of interest within a defined period of time prior to each election and also reach out to recruit candidates that meet stated criteria.
- First Nominating Committee consists of 1 industry member appointed by current Board, 1 current BOC Board member and the SMS/800, Inc. CEO.
- Future Nominating Committees can be the same composition or any other combination that is both manageable and representative (as determined by the then-seated Board).
- Members of the Nominating Committee will not be eligible for nomination.
- No organization will have more than one representative on the Nominating Committee.

PROPOSED INDUSTRY BOARD STRUCTURE: *INDEPENDENT DIRECTORS*

Independent Directors will be appointed by Board after 1st Year elections.

Criteria for selection of Independent Directors will be as follows:

- No current or recent affiliation with other industry members or participants
- Experience in corporate governance
- Expertise in other areas relevant to the corporation's business
 - Factors to be considered include but are not limited to: financial, IT/ technology, start-up/ emerging company development and general telecommunications

TIMELINE AND NEXT STEPS

- **FCC Review of Proposal**
- **Transition of Tariff Responsibility**
- **Nomination and Election Process**
- **Board Transition Completed by Q3/Q4 2012**

MEETING PARTICIPANTS

- **Peter Bahr**, *Verizon representative to SMS/800, Inc. Board of Directors*
- **Ann Berkowitz**, *Verizon regulatory, SMS/800 Point of Contact*
- **Thomas FitzGerald**, *CEO of SMS/800, Inc.*
- **Philip Linse**, *CenturyLink representative to SMS/800, Inc. Board of Directors*
- **Brian Lynott**, *Transition Committee member, TeleSmart Networks*
- **Gina Perini**, *SMS/800, Inc. corporate counsel, GTC Law Group*
- **Michael Rothchild**, *Transition Committee member, Matrix Telecom*
- **Gary Sagnella**, *AT&T representative to SMS/800, Inc. Board of Directors*
- **Dale Schneberger**, *Transition Committee Co-chair, Grande Communications*

TRANSITION COMMITTEE MEMBERS

- **Robert Bice**, Hawaiian Telcom
- **Aelea Christofferson**, *Co-chair, ATL Communications*
- **Jon Durst**, *Verizon*
- **David Greenhaus**, *800 Response Information Services*
- **Tom Houlihan**, *Windstream*
- **Robert Leabow**, *Advanced Communications Integration*
- **Steven Levinn**, CSF Corporation
- **Adam Long**, *Worldlink Services Corp*
- **Brian Lynott**, *TeleSmart Networks*
- **Monica O'Neil**, *Level 3 Communications*
- **Michael Rothchild**, *Matrix Telecom*
- **Dale Schneberger**, *Co-chair, Grande Communications*